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# GCF Indigenous Peoples Policy

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## **Summary**

This document presents the draft Indigenous Peoples Policy for consideration by the Board in accordance with decision B.15/01, paragraph (a). This draft policy is proposed to assist GCF in incorporating considerations related to indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The draft policy allows GCF to examine, control, eliminate and reduce the adverse impacts of its activities on indigenous peoples in a consistent way and to improve outcomes over time. The draft policy also allows GCF to promote indigenous peoples' access to the benefits of GCF activities. These elements of the draft policy will be integrated with other policies and frameworks of GCF, particularly the environmental and social management system, and will be utilized across GCF.

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## I. Introduction

1. At the fifteenth meeting the Board (B.15), in decision B.15/01, paragraph (a), the Board requested the Secretariat to develop a Fund-wide Indigenous Peoples Policy.
2. The Board, through decision B.15/01, paragraph (b), invited submissions, from members and alternate members of the Board and observer organizations, in relation to the development of the GCF Indigenous Peoples Policy by the sixteenth meeting of the Board (B.16). On 1 March 2017 and 11 July 2017, the Secretariat published a call for inputs that invited members and alternate members of the Board and observer organizations to provide inputs in relation to the development of the GCF Indigenous Peoples Policy. On 27 October 2017, the Secretariat sought further inputs on the draft policy from the Board and active observers, inviting submissions on a draft Indigenous Peoples Policy, with the aim of soliciting feedback on and recommendations to improve the draft policy.
3. This document summarizes the progress in developing the Fund-wide Indigenous Peoples Policy, describes the key elements of the policy, presents the draft policy that takes into account the submissions and proposes next steps for implementing the policy.

## II. Recommended action by the Board

4. It is recommended that the Board:
  - (a) Take note of the information presented in document GCF/B.19/05 titled “GCF Indigenous Peoples Policy” contained in annex II to this document; and
  - (b) Approve the draft decision presented in annex I to this document.

## III. Linkages with decisions and other documents

5. This document has actual or potential linkages with the following items:
  - (a) “Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund’s fiduciary principles and standards and environmental and social safeguards” (decision B.07/02);
  - (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
  - (c) “Gender policy and action plan” (decision B.09/11);
  - (d) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35);
  - (e) “Country coordination and multi-stakeholder engagement”
  - (f) “REDD-plus results-based payments” (decision B.17/18);
  - (g) “Initial results management framework of the Fund” (decisions B.07/04 and B.08/07);
  - (h) “Initial monitoring and accountability framework for accredited entities” (decision B.11/10);
  - (i) “Environmental and social management system: environmental and social policy” (document GCF/B.19/06);<sup>1</sup>
  - (j) “GCF risk management framework” (document GCF/B.17/12); and

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<sup>1</sup> Currently in draft.

- (k) “Updated Terms of reference of the Independent Redress Mechanism” (decision B.BM-2017/10).

#### **IV. Stakeholder inputs on the Indigenous Peoples Policy**

6. The Secretariat has conducted three rounds of calls for public inputs related to the Indigenous Peoples Policy.

7. On 1 March 2017, the Secretariat sent a call for inputs that invited members and alternate members of the Board and observer organizations to provide inputs in relation to the development of the GCF Indigenous Peoples Policy, in line with decision B.15/01. The call requested inputs on the scope of the Indigenous Peoples Policy (such as the outline and content, scope and principles, requirements and engagement areas). By the close of submissions on 31 March 2017, the Secretariat had received seven submissions from members of the Board and observer organizations. The inputs received provided the basis for the first draft of the policy.

8. On 11 July 2017, the Secretariat held a public call for inputs inviting submissions on the draft Indigenous Peoples Policy with the aim of soliciting feedback on and recommendations to improve the draft policy. By the close of submission on 24 August 2017, the Secretariat had received 44 submissions from members and alternate members of the Board, accredited entities, national designated authorities, civil society organizations, including indigenous peoples organizations, and other stakeholders. The submissions were collated and published on the GCF website. All the submissions supported the draft policy of 11 July 2017. The submissions also provided inputs for improving the draft Indigenous Peoples Policy. The inputs presented convergent views particularly on the principles that will define and guide how the draft policy will be implemented; the roles and responsibilities of GCF, accredited entities and national designated authorities; and the general requirements for implementing the draft policy.

9. A revised draft policy was presented to the Board during its informal meeting in Cairo, Egypt in September 2017. Further inputs were received by the Secretariat, including a request for further consultation with the Board and active observers. On 27 October 2017, the Secretariat solicited further inputs on the revised draft policy from the members of the Board and active observers. By 26 November 2017, the Secretariat had received 13 submissions, including 10 from Board members. The submissions were on the whole reconcilable and, therefore, largely accepted. The latest version of the draft policy is contained in annex II to this document.

#### **V. Background and rationale for the policy**

10. The need to engage indigenous peoples in climate change policies and actions has been recognized by the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), including in the Cancun Agreement (decision 1/CP.16). The preamble of the Paris Agreement also acknowledges that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on, inter alia, the rights of indigenous people. The COP decision adopting the Paris Agreement (decision 1/CP.21) recognizes the need to strengthen practices and efforts of local communities and indigenous peoples related to addressing and responding to climate change. The COP has further requested that GCF consider a recommendation “to enhance [its] consideration of local, indigenous and traditional knowledge and practices and their integration into adaptation planning and practices, as well as procedures for monitoring, evaluation and reporting.”

11. The GCF Indigenous Peoples Policy aims to put in place a process and requirements for ensuring that GCF activities are developed and implemented in such a way that fosters full respect for and the active protection and promotion of indigenous peoples' dignity, rights, identities, aspirations, natural resource-based livelihoods, autonomy, protagonism and cultural uniqueness. The policy's guiding principles build upon existing and/or proposed GCF policies as well as international standards.
12. The policy recognizes that indigenous peoples have identities and aspirations that are distinct from mainstream groups in national societies and that indigenous peoples often are disadvantaged by traditional models of mitigation, adaptation and development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. The economic, social and legal status of indigenous peoples frequently limit their capacity to defend their rights to, and interests in, land, territories and natural and cultural resources, and may restrict their ability to participate in and benefit from development initiatives and climate change actions. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives or communities.
13. The policy aims to assist GCF in incorporating considerations related to indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The policy allows GCF to examine, control, eliminate and reduce the adverse impacts of its activities on indigenous peoples in a consistent way and to improve outcomes over time. These elements of the policy will be integrated with other policies and frameworks, particularly the environmental and social management system (ESMS), and will be utilized across the organization of GCF. The development of this policy has been guided by the principles set forth in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour Organization (ILO) Convention 169, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Racial Discrimination and all other applicable instruments. This policy has been developed with the participation and consent of a wide range of indigenous peoples organisations.

## **VI. Overview of the Green Climate Fund Indigenous Peoples Policy**

14. The overall objective of this policy is to provide a framework for ensuring that GCF activities are developed and implemented in such a way that fosters full respect for indigenous peoples' and their members' dignity, human rights, and cultural uniqueness so that they (a) receive culturally appropriate social and economic benefits; and (b) do not suffer adverse effects during the development process.
15. The policy allows GCF to integrate indigenous peoples considerations across various levels of decision-making and operations in a systematic, coherent and transparent manner and at three entry points:
  - (a) At the facilities and operations level, in relation to the organization's operations, such as indigenous, environmental and social management practices, institutional capacities and stakeholder involvement;
  - (b) At the project and programme level, through the guiding principles and requirements of this policy in conjunction with the ESMS; and
  - (c) At the policy level, by establishing the process for integrating indigenous peoples considerations into the strategies and decisions of the organization.

16. The policy is structured as follows:
  - (a) Introduction and rationale, which outline the context, mandate and reasons for the policy;
  - (b) Policy objectives, which identify what the policy intends to achieve and are aligned with the institutional mandate of GCF, as well as the objectives of other relevant policies and governance frameworks, such as the ESMS;
  - (c) Scope of application, which outlines the applicability of the commitments outlined in the policy;
  - (d) Guiding principles, which describes the principles adhered to by GCF that will guide it in achieving the objectives of the policy. These principles include those described in the Governing Instrument for the GCF and those elaborated in the GCF ESMS, interim GCF environmental and social safeguards (ESS) standards and the other relevant GCF policies;
  - (e) Overview of roles and responsibilities, which primarily describes the role of GCF and of accredited entities as the principal organizations responsible for implementing this policy;
  - (f) Requirements, which is the central section of the policy and describes the requirements for key measures to be undertaken to achieve the objectives and principles of this policy, including the criteria for effective engagement of indigenous peoples, specific circumstances requiring free, prior and informed consent and specific elements to be included in the relevant grievance mechanisms;
  - (g) Implementation arrangements, which describes the roles, responsibilities and the institutional arrangements between GCF, accredited entities and other stakeholders in achieving the objectives and requirements of this policy. These largely build upon the existing business model and the project cycle of GCF. The section outlines additional measures necessary to ensure this policy is properly implemented and achieves its objectives, including periodic assessments of the implementation of this policy, complementary to the ESMS process, and the establishment of an indigenous peoples advisory body and indigenous peoples focal point in the Secretariat; and
  - (h) Effective date and review, which defines the effective date and the review of the policy.
17. This policy will be accompanied by operational guidelines and information tools to assist: GCF in implementing the policy, particularly FPIC; staff in conducting due diligence and implementation support; and stakeholders in enhancing transparency and sharing good practice.
18. The structure and contents of this policy build upon the existing interim standards, the draft ESMS, and other relevant policies of GCF and reflect the lessons learned and experiences of other institutions in implementing indigenous peoples policies.

## VII. Key issues and considerations

19. Given the special circumstances of indigenous people, it was widely deemed necessary to supplement the general principles of the ESMS with more detailed and specific principles, including guiding principles, addressing: free, prior and informed consent, the rights of indigenous peoples to their lands, territories and resources; recognition and self-determination; international human rights standards; the rights of indigenous peoples under voluntary isolation; recognition of traditional knowledge and livelihood systems; the capacity for

indigenous peoples issues within GCF; and facilitating access to GCF resources for indigenous peoples.

20. The general requirements for activities proposed for GCF financing and GCF-financed activities, including consultations, grievance redress, and broader planning, were generally acknowledged as being an excellent operational basis for the policy. Many submissions called for more detail to ensure clarity, which is anticipated to be addressed in the operational guidelines to accompany the policy. Importantly, all the submissions emphasized that the policy needs to promote access to the benefits of GCF activities, including access to capacity-building, funding, and participation in the Readiness and Preparatory Support Program.

21. Free, prior and informed consent was widely recognized as a central element of the policy and the key mechanism to ensure meaningful consultation. The submissions called for an FPIC that builds on existing procedures relied upon by GCF. Free, prior and informed consent shall be an iterative process, requiring indigenous peoples' consent before any GCF activity is undertaken on the basis of their own independent deliberations and collective decision-making processes, customs, values and norms, based on adequate information to be provided in a manner that is understood by indigenous peoples.

22. Links with existing policies and management practices of GCF was also seen as key. Many submissions emphasized the importance of the policy building on and working within the GCF ESMS. The policy provides the relevant ESS on indigenous peoples for the ESMS and any other GCF policies.

23. Implementation and operational guidelines were also a consideration. Several of the submissions recognized that the GCF Indigenous Peoples Policy should be underpinned with administrative systems and operational guidance to enable GCF staff to implement the policy in GCF work. This should include guidance to monitor GCF due diligence responsibilities. Many submissions emphasized the importance of ensuring GCF applies adequate resources to the implementation and development of this policy. Periodic monitoring of the implementation of the policy's complementarity to the ESS process and the creation of a sensitive and accessible grievance and dispute resolution mechanism were also highlighted in the submissions. It is proposed that a draft of these operational guidelines be developed for the twentieth meeting of the Board to address some of the concerns raised in of the submissions about the need for more clarity.

## VIII. Next steps

24. Following decision B.15/01, which gives a mandate to the Secretariat to develop a Fund-wide Indigenous Peoples Policy and recognizes the need to provide further guidance to operationalize the policy, the Secretariat will undertake the following activities:

- (a) Develop operational guidelines containing technical and administrative references and tools that will also include a simplified review checklist for funding proposals for implementing this policy in consultation with accredited entities and executing entities, countries, the Indigenous Peoples Advisory Group and indigenous peoples;
- (b) Identify and compile best practices, guidance, and tools for implementing this policy, including stakeholder engagement, consultations, communications and outreach, and grievance redress within the parameters of GCF-financed activities;
- (c) Engage a senior indigenous peoples specialist, who will be appointed indigenous peoples focal point with operational responsibility to manage the implementation of this policy and undertake steps to improve the Secretariat's own capacity to implement this policy;

- (d) Work with the Board and relevant stakeholders on developing mechanisms for improved access of indigenous peoples to GCF activities;
- (e) Support the establishment of an indigenous peoples advisory group to assist with implementing and developing the policy and raising awareness of the policy; and
- (f) Identify and develop opportunities and implement activities for awareness building and capacity development on the policy in collaboration with the Indigenous Peoples Advisory Group.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.19/05 titled “GCF Indigenous Peoples Policy”:

- (a) Adopts the Indigenous Peoples Policy as presented in annex II to this document.

## Annex II: Indigenous Peoples Policy

### I. Introduction and rationale

1. Indigenous peoples are unique and a distinct stakeholder of the GCF. The rights of indigenous peoples are affirmed by international human rights instruments, including binding treaties and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Indigenous peoples have invaluable and critical contributions to make to climate change mitigation and adaptation. Yet they are also facing serious threats to the realization of their rights from climate change actions.
2. The importance of engaging with indigenous peoples in climate change policies and actions has been recognized by the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), including in the Cancun Agreement (decision 1/CP.16). The preamble of the Paris Agreement also acknowledges that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on, inter alia, the rights of indigenous people. The COP decision adopting the Paris Agreement (decision 1/CP.21) recognized the need to strengthen practices and efforts of local communities and indigenous peoples related to addressing and responding to climate change and operationalized the local communities and indigenous peoples platform to help do this. The COP has further requested GCF consider a recommendation “to enhance [its] consideration of local, indigenous and traditional knowledge and practices and their integration into adaptation planning and practices, as well as procedures for monitoring, evaluation and reporting.”
3. This GCF Indigenous Peoples Policy (hereafter Policy) recognizes that indigenous peoples often have identities and aspirations that are distinct from mainstream groups in national societies and are disadvantaged by traditional models of mitigation, adaptation and development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. The economic, social and legal status of indigenous peoples frequently limit their capacity to defend their rights to, and interests in, land, territories and natural and cultural resources, and may restrict their ability to participate in and benefit from development initiatives and climate change actions. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives or communities.
4. The Governing Instrument for the GCF, as well as other policies such as the interim environmental and social safeguards (ESS) and the draft environmental and social management standard (ESMS), reflect the importance of fully and effectively engaging with indigenous peoples in the design, development and implementation of the strategies and activities to be financed by GCF, while respecting their rights.
5. At the fifteenth meeting of the Board (B.15). in decision B.15/01, the Board requested the Secretariat to develop a Fund-wide Indigenous Peoples Policy.
6. This Policy will assist GCF in incorporating considerations related to indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The Policy allows GCF to anticipate and avoid any adverse impacts its activities may have on indigenous peoples’ rights, interests and well-being, and when avoidance is not possible to minimize, mitigate and/or compensate appropriately and equitably for such impacts, in a consistent way and to improve outcomes over time. These elements of the Policy will be integrated with other business processes and governance frameworks, particularly the ESMS,

and will be utilized across the organization of GCF. The Policy will evolve and continue to mature as GCF operations develop.

7. In developing this Policy, GCF has been guided, as relevant, by principles set forth in: UNDRIP; International Labour Organization (ILO) Convention 169 and the International Covenant on Economic, Social and Cultural Rights; the International Convention on the Elimination of All Forms of Racial Discrimination; the outcome document of the high-level plenary meeting of the United Nations General Assembly, known as the World Conference on Indigenous Peoples; and the International Covenant on Civil and Political Rights.

8. This Policy has been developed with the participation and support of a wide range of indigenous peoples organizations.

## II. Definitions

9. The following definitions shall apply in this Policy:

- (a) **“Accountability units”** means the Independent Evaluation Unit, the Independent Integrity Unit and the independent Redress Mechanism of GCF;
- (b) **“Board”** means the Board of GCF, established pursuant to the provisions of the Governing Instrument;
- (c) **“Collective attachment”** means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for the group, such as sacred sites;
- (d) **“Cultural heritage”** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions;
- (e) **“Disadvantaged or vulnerable”** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and circumstances where they may be separated from their family, the community or other individuals upon which they depend;
- (f) **“Environmental and social assessments”** refers to the assessment of environmental and social risks, impacts and opportunities undertaken by the accredited entities in a manner that follows good international industry practices, identifies best alternatives and allows for an integrated and balanced view of the environmental and social risks and impacts pursuant to the GCF ESS standards and requirements of the accredited entities;
- (g) **“ESS standards”** refers to the environmental and social safeguards (ESS) standards of GCF and the interim ESS standards of the GCF, which pertain to the International Finance Corporation’s Performance Standards and were adopted by the Board;
- (h) **“Secretariat”** means the Secretariat of the GCF established pursuant to paragraph 19 of the Governing Instrument;
- (i) **“Indigenous peoples plan (IPP)”** outlines the actions to minimize and/or compensate for the adverse impacts and identify opportunities and actions to enhance the positive impacts of a project for indigenous peoples in a culturally appropriate manner.

Depending on local circumstances, a free-standing IPP may be prepared or it may be a component of a broader community development plan;

- (j) **“Involuntary resettlement”** means physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both, caused by project-related land acquisition or restrictions on land use;
- (k) **“Land acquisition”** refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way;
- (l) **“Livelihood”** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering;
- (m) **“Meaningful consultation”** refers to a two-way process, that: (a) begins early in the project planning process to gather initial views on the project proposal and inform project design; (b) encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts; (c) continues on an ongoing basis, as risks and impacts arise; (d) is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders; (e) considers and responds to feedback; (f) supports active and inclusive engagement with project-affected parties; (g) is free of external manipulation, interference, coercion, discrimination, and intimidation; and (h) is documented and disclosed.
- (n) **“Mitigation hierarchy”**, as described in the ESS standards of GCF, sets prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits;
- (o) **“Representatives”** refer to village heads, clan heads, community and religious leaders, local government representatives, civil society representatives, politicians or teachers; and
- (p) **“Stakeholder engagement process or plan”** describes a project’s strategy and program for engaging with stakeholders in a culturally appropriate manner, ensuring the timely provision of relevant and understandable information, and creating a process that provides opportunities for stakeholders to express their views and concerns, and allows the entities to consider and respond to them.

### III. Policy objectives

10. The overall objective of this Policy is to provide a structure for ensuring that activities of GCF are developed and implemented in such a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they (a) benefit from GCF activities and projects in a culturally appropriate manner; and (b) do not suffer harm or adverse effects from the design and implementation of GCF-financed activities. The Policy will allow GCF to promote its approach in a consistent way and improve outcomes over time.

11. The specific objectives of this Policy are as follows:

- (a) To support and promote the welfare, positive contributions and leadership of indigenous peoples to climate change mitigation and adaptation, based on their traditional knowledge systems, livelihoods, sustainable resource management systems and practices, in a manner that is accessible, rights-based, gender-responsive, culturally appropriate and inclusive;
- (b) To enable the critical role of indigenous peoples in assisting GCF to ensure more effective, sustainable and equitable climate change results, outcomes and impacts and to enable them to be active leaders and participants in the process;
- (c) To enable indigenous peoples present in, or with collective attachment to, the areas where GCF-financed activities are implemented (or activities proposed for GCF-financing will be implemented) to be fully informed and consulted about, and have opportunities to actively participate in, project design and the determination of project implementation arrangements;
- (d) To provide a framework for GCF to anticipate and avoid any adverse impacts of its activities on indigenous peoples' rights, interests and well-being, and when avoidance is not possible to minimize, mitigate and/or compensate appropriately and equitably for such impacts;
- (e) To pay particular attention to the different challenges faced by women and girls and other groups within indigenous communities, and to promote the participation and leadership of women in GCF activities, given their role as traditional knowledge holders and custodians of cultural and spiritual heritage and values;
- (f) To enable and further realize full respect for the rights, dignity, aspirations, identity, culture, lifestyle, autonomy, protagonism, and natural resource-based livelihoods of indigenous peoples and territory management in the whole spectrum of activities and initiatives of GCF, and follow the principle in paragraph 22(c) of this Policy and the applicable international and regional instruments, where appropriate, such as ILO Convention 169 and UNDRIP;
- (g) To promote and respect indigenous peoples' rights to own, use, develop and control the lands, territories, and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those that they have otherwise acquired;
- (h) To recognize, respect and preserve the culture, knowledge and practices of indigenous peoples, and to provide them with an opportunity to adapt to changing conditions in a manner and in a timeframe acceptable to them;
- (i) To foster full respect of as well as promote and preserve indigenous peoples' cultural and spiritual heritage and values, traditional knowledge, natural and economic resource management systems and practices, occupations and livelihoods, customary institutions and overall well-being;
- (j) To recognize and effectively apply the principle of free, prior and informed consent, as described in this Policy;
- (k) To establish and maintain continuing engagement based on fully informed consultation and effective participation of the indigenous peoples – including indigenous women, youth and elders – affected by GCF-financed activities throughout the implementation of the activities;
- (l) To ensure that all grievance mechanisms associated with GCF activities are effective in addressing issues raised by indigenous peoples and are accessible, fair, transparent and culturally appropriate; and

- (m) To recognize and operationalize indigenous peoples' equitable access to the benefits of GCF-funded activities.

#### IV. Scope of application

12. This Policy will apply to all GCF-financed activities and to both public and private sector entities. This Policy will also apply to approved GCF-financed activities to the extent reasonably possible. The activities supported by GCF include programmes, projects and subprojects; the financial instruments vary and may include grants, concessional loans, guarantees and equity investments.

13. This Policy will apply to indigenous peoples as characterized in the following paragraphs.

14. In this Policy, the term indigenous peoples is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- (a) Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others;
- (b) Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation as well as to the natural resources in these areas;
- (c) Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and
- (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

15. GCF will take into account commonly accepted and applied criteria for identifying indigenous peoples, respecting self-identification as indigenous or tribal as a fundamental criterion for determining the application of this Policy.

16. In some countries, such groups are referred to as indigenous peoples. In other countries, they may be referred to by other terms, such as "indigenous peoples and local communities", "local communities", "sub-Saharan African historically underserved traditional local communities", "indigenous ethnic minorities", "Afro-descendent communities of South America and the Caribbean", "ethnic groups", "aboriginals", "hill tribes", "vulnerable and marginalized groups", "minority nationalities", "scheduled tribes", "first nations", "tribal groups", "pastoralists", "hunter-gatherers", "nomadic groups" or "forest dwellers". Regardless of which terminology is used, the requirements of this Policy will apply to all such groups.

17. This Policy applies whenever indigenous peoples are present in, have, or had a collective attachment or right to areas where GCF-financed activities will be implemented. This includes indigenous peoples who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area.<sup>2</sup>

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<sup>2</sup> Care must be taken in application of this ESS standard in urban areas. Generally, it does not apply to individuals or small groups migrating to urban areas in search of economic opportunity. It may apply, however, where indigenous peoples have established distinct communities in or near urban areas but still possess the characteristics stated in paragraph 13.

18. This Policy applies regardless of whether indigenous peoples are affected positively or negatively, and regardless of the significance of any such impacts.
19. The application of this Policy will not be limited by the absence of legal recognition or identification of indigenous peoples by a state. It will also not be limited by the legal status of titling of indigenous lands, resources and territories.
20. This Policy also applies irrespective of the presence or absence of discernible economic, political or social vulnerabilities, although the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts.

## V. Guiding principles

21. The guiding principles of the existing and proposed policies of GCF will apply to this Policy.
22. In addition, the guiding principles for this Policy will include:
  - (a) **Develop and implement free, prior and informed consent.** GCF will ensure and require evidence of the effective consultation and application of free, prior and informed consent through appropriate procedures and in particular through their representative institutions whenever consideration is being given to GCF-financed activities that will affect indigenous peoples' lands, territories, resources, livelihoods and cultures or require their relocation as described in section 7.2;
  - (b) **Respect and enhance the rights of indigenous peoples to their lands, territories and resources.** All GCF activities will fully respect and support indigenous peoples' rights related to land, territories and resources, and rights related to cultural and spiritual heritage and values, traditional knowledge, resource management systems and practices, occupations and livelihoods, customary institutions, and overall well-being;
  - (c) **Recognize key international human rights and principles.** All GCF activities will respect the principles set forth in UNDRIP and other relevant international and regional instruments relating to the rights of indigenous peoples and individuals, including, where applicable but not limited to, ILO Convention No. 169, the International Covenant on Economic, Social and Cultural Rights, and the International Convention on the Elimination of All Forms of Racial Discrimination;
  - (d) **Respect the right of indigenous peoples under voluntary isolation.** GCF will respect the prerogative of indigenous peoples living in voluntary isolation, or remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", to remain isolated and to live freely according to their culture. Activities that may affect these peoples, their lands and territories, or their ways of life will include the appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, and to avoid contact with them as a consequence of the activity;
  - (e) **Respect and recognize traditional knowledge and livelihood systems.** GCF recognizes, respects and values indigenous peoples' cultural heritage as well as traditional knowledge held by indigenous peoples and the indigenous ways of ownership and knowledge transmission, and will promote the participation and leadership of traditional knowledge holders in GCF-financed activities;
  - (f) **Enhance the capacity for indigenous peoples issues within GCF.** GCF will develop its advisory and decision-making capacities to understand and properly address

indigenous peoples' issues and rights, including developing the capacity of Board members and Secretariat management and staff;

- (g) **Facilitate access to GCF resources for indigenous peoples.** GCF will encourage national designated authorities and accredited entities to engage with and be inclusive of indigenous peoples. GCF may consider taking actions to better meet the needs and priorities of indigenous peoples to support their initiatives and efforts for climate change mitigation and adaptation actions; and
- (h) **Respecting the system of self-government.** GCF should promote respect for the right of indigenous communities to freely pursue their economic, social and cultural development and their right to autonomy or self-government in matters relating to their internal and local affairs, as well as ways and means for financing their autonomous functions.

## VI. Overview of roles and responsibilities

### 6.1 Overview of GCF roles and responsibilities

- 23. **Operational guidelines.** GCF is responsible for developing and updating the operational guidelines to accompany this Policy.
- 24. **Documenting and communicating.** GCF is responsible for documenting and communicating the experience and knowledge acquired from the implementation of this Policy.
- 25. **Accreditation.** In relation to the accreditation of entities, GCF is responsible for determining the capacity of the entities to implement this Policy. Where capacities exist, GCF will assess the consistency of the system and approach used by the entities and intermediaries with this Policy. As necessary, GCF will collaborate with the entities on measures to improve their capacities, including the deployment of available support and assistance.
- 26. **Managing risks throughout the project cycle.** Within the parameters of GCF-financed activities, GCF is responsible for:
  - (a) Requiring the accredited entities to implement management system consistent with this Policy, thereby providing for free, prior and informed consent and a systematic, consistent and transparent management of risks and impacts from GCF-financed activities. Where gaps or weaknesses exist, GCF will require that these are addressed by the accredited entities in a manner and time amenable to GCF and the accredited entities so that an effective system is in place before GCF-financed activities are implemented;
  - (b) Requiring and ensuring that appropriate screening and categorization processes within the accredited entity systems are conducted;
  - (c) Conducting due diligence on activities proposed for funding consideration, and recommending to the Board for financing only those proposed activities with free, prior and informed consent and satisfactory approaches to managing risks and impacts, consistent with this Policy;
  - (d) Requiring that risk and impact assessments for activities are adequate and provide sufficient information to assess whether free, prior and informed consent has been properly provided and whether GCF should consider funding the activities and should determine suitable avoidance, mitigation or compensation measures in those cases where proceeding with funding consideration is appropriate. Where gaps or weaknesses exist in the assessment, GCF will require that they are addressed;

- (e) Requiring that accredited entities implement (which may include the role of an executing entity), monitor and supervise the activity's implementation and compliance with (as an intermediary) this Policy and require that any gaps or weaknesses be addressed;
  - (f) Carrying out monitoring, reviewing and reporting functions related to the performance of accredited entities and the supported activities, as may be required consistent with the monitoring and accountability framework; and
  - (g) Reviewing proposed operational changes with respect to GCF-financed activities or the accredited entity management systems and requiring additional measures to align this Policy, if necessary.
27. **Information disclosure, stakeholder engagement and grievance redress.** GCF is responsible for:
- (a) Confirming that all information related to free, prior and informed consent and the risks and impacts of activities are appropriately disclosed to meet the requirements of the GCF Information Disclosure Policy and this Policy and working with accredited entities to address any gaps or weaknesses in the disclosure of relevant information;
  - (b) Confirming that persons and communities affected or potentially affected by any GCF activity are consulted by the accredited entities or through its executing entities during the design and implementation of the activities and that appropriate grievance and redress mechanisms are established and function and in a way that is complementary to the GCF independent Redress Mechanism and requiring that any gaps or weaknesses be addressed; and
  - (c) Ensuring that accredited entities establish activity-specific grievance redress mechanisms and fully implement remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to complaints received by the independent Redress Mechanism and in accordance with the terms of reference, guidelines and procedures of the independent Redress Mechanism and consistent with the requirements of this Policy.
28. **Compliance.** GCF will require accredited entities to comply with their obligations specified in their accreditation, this Policy and any IPP or Indigenous Peoples Planning Framework (IPPF), applicable state laws and regulations, and obligations of the state directly applicable to the activities under relevant international treaties and agreements. Where the accredited entities fail to comply with these requirements, GCF will work with the accredited entities to develop and implement corrective actions that will bring the activities back into compliance. Where the accredited entities fail to re-establish compliance within a time frame and manner that are mutually agreed upon, GCF may exercise its remedies under its legal agreement with the accredited entities.
29. **Indigenous peoples advisory group.** GCF will support the work of the indigenous peoples advisory group and ensure its recommendations are effectively conveyed to the Board, accredited entities, states and any other relevant organization or person as outlined in paragraphs 81 and 82.
30. **Review of Policy.** GCF is responsible for supporting the periodic review of the implementation of this Policy as outlined in section VIII below.

## 6.2 Overview of roles and responsibilities of the accredited entities

31. The accredited entities are responsible for:

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- (a) In the case of activities proposed for GCF financing:
- (i) Ensuring free, prior and informed consent has been properly sought and meaningful consultation has been undertaken in line with the requirements of this Policy;
  - (ii) Implementing a management system to manage the risks and impacts associated with the activities, including meaningful and inclusive multi-stakeholder consultation and engagement throughout the project cycle with indigenous peoples, taking into account the particular situations of other vulnerable groups and populations (including women, children and people with disabilities), appropriate to its role as an implementing entity (which may include a project execution role), an intermediary entity, or both, maintaining or improving the management system on which its accreditation was approved;
  - (iii) Ensuring that activities proposed for GCF financing are properly screened, assigned appropriate risk categories, and that the risks and impacts are properly and sufficiently assessed;
  - (iv) Cooperating with GCF in its due diligence of the activities proposed for GCF financing;
  - (v) Ensuring that measures to avoid, minimize or mitigate adverse impacts, to compensate for residual impacts, and to provide for restoration are planned and adequately supported in the activities proposed for GCF financing;
  - (vi) Disclosing information on GCF-financed activities and component subprojects pursuant to the GCF Information Disclosure Policy, and developing and implementing ongoing stakeholder engagement, including entity-level and activity-level grievance mechanisms; and
  - (vii) Ensuring that remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to a complaint from people affected by the activities are respected and promptly implemented.
- (b) In the case of GCF-financed activities:
- (i) Ensuring that free, prior and informed consent, IPPs and IPPFs are implemented, monitored and continuously improved as needed; and
  - (ii) Monitoring and reporting on the progress and performance of GCF-financed activities to GCF and its stakeholders throughout the implementation of the GCF-financed activities, in accordance with this Policy and any IPP and IPPF.
32. The accredited entities will confirm that the measures to implement this Policy, including, as relevant, free, prior and informed consent, meaningful consultation, information disclosure, stakeholder engagement and grievance redress, are incorporated in the agreements with executing entities including tendering documents and contracts.
33. The accredited entities are responsible for compliance with all applicable laws, including the laws, regulations and standards of the state(s) in which the activities are located, and the obligations of the state(s) directly applicable to the activities under relevant international treaties and agreements.
34. Entities that are functioning as financial intermediaries are responsible for managing the risks associated with the supported activities. The intermediaries will review all subprojects and delegated activities to identify where the entities and GCF could be exposed to potential risks and take necessary actions, including the development and operation of management systems to oversee and manage these risks. The accredited entities acting in intermediary

functions will require and ensure that all component subprojects and activities meet the requirements of this Policy. The accredited entities will also guarantee that the borrowers, grantees and investees have the adequate management systems, processes and capacity to manage the implementation of this Policy and the impacts of GCF-funded activities and will ensure: that the individual subprojects and delegated activities are properly screened, assessed, and assigned an appropriate risk category; that free, prior and informed consent and meaningful consultation are met and subjected to due diligence and oversight; and that the implementation and outcomes are monitored and reported.

35. The accredited entities will be responsible for ensuring that the communities affected or potentially affected by the activities are properly consulted in a manner that provides them with opportunities to express their views on all aspects of the activity and allows the accredited entities to consider and respond to their concerns. In ensuring the meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will align their processes to best practices and standards and will make publicly available the relevant information on the activities according to the requirements of the GCF Information Disclosure Policy and this Policy.

## VII. Requirements

### 7.1 General

36. A key purpose of this Policy is to ensure that indigenous peoples present in, or with collective attachment, be it present or past, to, the areas where GCF-financed activities are implemented (or activities proposed for GCF-financing will be implemented) are fully informed, consulted about, and provided adequate and legitimate opportunities to actively participate in project design and the determination of project implementation arrangements, operation, and decommissioning. Consultations and subsequent project planning and documentation processes will address potential risks and impacts as these may affect indigenous peoples. The scope and scale of consultations, as well as subsequent project planning and documentation processes, will be proportionate to the scope and scale of potential risks and impacts as these may affect indigenous peoples.

37. The accredited entities, in collaboration with potentially affected indigenous peoples and the host government(s), will assess the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage) and environmental impacts on indigenous peoples who are present in, or have a collective attachment to, the project area. The accredited entities, with the participation of the potentially affected indigenous peoples and the host government, will prepare a consultation strategy and identify the means by which affected indigenous peoples will participate in the design and implementation of GCF-financed activities as well as share equitably in the benefits.

38. The accredited entities' proposed measures and actions will be developed in collaboration with the potentially affected indigenous peoples and contained in a time-bound plan that is culturally appropriate. Where there are potential impacts on indigenous peoples, accredited entities with indigenous peoples will prepare an IPP or, if specific activities or locations have not yet been determined, an IPPF. The scope and scale of the IPP or IPPF will be proportionate to the potential risks and impacts of the project. The IPPF will include a description of the processes and plans so that specific activities meet the requirements of this Policy and the GCF Environmental and Social Policy and ESS standards, including provisions for the development and implementation of site-specific IPPs that meet the requirements of this Policy. The IPPF and IPP will complement the social assessments of the project and programmes

proposed for GCF financing and provide guidance on specific issues related to addressing the needs of the affected indigenous peoples. The format and title of the IPP or IPPF will be adjusted as appropriate to the project or state context and will reflect any alternative terminology for the indigenous peoples.

39. An IPP should include the following elements:
- (a) Baseline information (from independent and participatory environmental and social risks and impacts assessment processes);
  - (b) Key findings and analyses of impacts, risks and opportunities;
  - (c) Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities;
  - (d) Community-based natural resource management;
  - (e) Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
  - (f) Gender assessment and action plans;
  - (g) Benefit sharing plans;
  - (h) Tenure arrangements;
  - (i) Grievance redress mechanisms;
  - (j) Costs, budgets, timetables, organizational responsibilities; and
  - (k) Monitoring, evaluation and reporting.
40. If the accredited entities are acting in an intermediary function, the accredited entities will require and ensure that the executing entity and other intermediaries apply and fulfill the requirements of this Policy. The accredited entity and the executing entity will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.
41. Where communities are mixed, or indigenous peoples live in close proximity to different social and ethnic groups, this Policy should be applied for the benefit of both the indigenous peoples and the other group/s living together or in close proximity.

### **7.1.1 Activities designed solely to benefit indigenous peoples**

42. Where GCF-financed activities are designed to provide benefits only to indigenous peoples, the accredited entities and executing entities will proactively engage with the relevant indigenous peoples to ensure their ownership, buy-in and participation in the design, implementation, equitable benefit sharing, monitoring and evaluation of GCF-financed activities. The accredited entities will consult with the indigenous peoples as to the cultural appropriateness of proposed services or facilities and will seek to identify and address any economic, social or capacity constraints (including those relating to gender, the elderly, youth and persons with disabilities) that may limit opportunities to benefit from, or participate in, the project.

43. When indigenous peoples are the sole, or constitute the overwhelming majority of, beneficiaries of GCF-financed activities, the elements of the IPP will be included in the overall design and the environmental and social management plans in relation to environmental and social due diligence of the GCF-financed activities. The preparation of a standalone IPP or IPPF will not be necessary.

### **7.1.2 Activities where indigenous peoples are not the sole beneficiaries**

44. When indigenous peoples are not the only beneficiaries of the activities proposed for GCF financing, the planning documents and procedures may vary in form and presentation and will meet the requirements of this Policy regardless of form and presentation. The accredited entities will design and implement the GCF-financed activities in a manner that provides affected indigenous peoples with equitable access to project benefits. The concerns or preferences of indigenous peoples will be addressed through meaningful consultation, including a process to seek and obtain their free, prior and informed consent and documentation will summarize the consultation results and describe how indigenous peoples' issues have been addressed in the design of the GCF-financed activities. Arrangements for ongoing consultations during implementation and monitoring will also be described.

45. The accredited entities will prepare a time-bound plan, such as an IPP, setting out the measures or actions proposed. In some circumstances, a broader integrated community development plan will be prepared, addressing all beneficiaries of the GCF-financed activities and incorporating necessary information relating to the affected indigenous peoples. A community development plan may be appropriate in circumstances where other people, in addition to the indigenous peoples, will be affected by the risks and impacts of the GCF-financed activities, where more than one indigenous peoples group is to be included, or where the regional or national scope of a programmatic project incorporates other population groups.

### **7.1.3 Avoidance of adverse impacts**

46. Adverse impacts on indigenous peoples will be avoided to the maximum possible extent. Where alternatives have been systematically explored to consider feasible alternative project designs to avoid adverse impacts, and adverse impacts are unavoidable, the accredited entities will minimize and compensate for these impacts in a culturally appropriate manner proportionate to the nature and scale of such impacts and the form and degree of vulnerability of the affected indigenous peoples. The appropriate mitigation measures to minimize impacts and for appropriate compensation will be determined with the full and effective participation of affected indigenous peoples, including indigenous women, youth, the elderly and disabled people.

47. When situations arise in which GCF-financed activities may potentially affect remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", the accredited entities will take all appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, as well as measures to avoid all undesired contact with them as a consequence of the GCF-financed activities. The aspects of the GCF-financed activities that would result in such undesired contact will not be processed further.

### **7.1.4 Mitigation and development benefits**

48. The accredited entities, with the full and effective participation of the indigenous peoples, will identify measures to mitigate environmental and social risks and impacts in alignment with the mitigation hierarchy as described in the ESS standard of GCF and other relevant policies of GCF that set prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits. The scope of the environmental and social assessments and mitigation will include cultural impacts as well as physical impacts. The accredited entities will ensure the timely delivery of agreed measures to indigenous peoples.

49. The determination, delivery and distribution of compensation and shared benefits to indigenous peoples will take account of the institutions, rules and customs of these indigenous peoples, capacities and gender equality. Eligibility for compensation can either be individually or collectively based, or be a combination of both, to be determined in consultation with affected indigenous peoples. Where compensation occurs on a collective basis, as far as practicable, mechanisms that promote the effective distribution of compensation to all eligible members, or collective use of compensation in a manner that benefits all members of the group, including women, youth, the elderly and persons with disabilities, will be defined and implemented in consultation with affected indigenous peoples.

50. Various factors, including, but not limited to, the nature and context of the GCF-financed activities and the vulnerability of affected indigenous peoples, will determine how affected indigenous peoples will benefit from the activities. Identified opportunities will aim to address the goals and preferences of the affected indigenous peoples, including improving their standard of living and livelihoods in a culturally appropriate manner, recognizing and strengthening the role of women in the project, and fostering the long-term sustainability of the natural resources on which they depend.

### **7.1.5 Meaningful consultation tailored to indigenous peoples**

51. To promote the effective design of GCF-financed activities, to build local project support or ownership or buy-in, and to reduce the risk of delays or controversies, the accredited entities will undertake an engagement process with indigenous peoples. This engagement process will commence as soon as is feasible and prior to the commencement of any activities that may affect their rights or interests and will carry on throughout the life of the project. The engagement process will include stakeholder analysis and engagement planning, the disclosure of information, and meaningful consultation in local language(s) and in a culturally appropriate and gender- and inter-generationally inclusive manner in accordance with the customs, norms, and values of the affected people and through their chosen representatives.

52. For indigenous peoples, the process of meaningful consultation will also:

- (a) Involve indigenous peoples' representative bodies and organizations (e.g. councils of elders, village councils, or chieftains) and, where appropriate, other community members, including indigenous women and youth. For GCF-financed activities that have a regional or national scope, it must be carefully evaluated whether meaningful consultation can only be carried out with indigenous peoples organizations or legitimate representatives at the relevant national or regional levels. Meaningful consultations may require that consultations be carried out at a local level in addition to at the regional and national levels. These organizations or representatives will be identified in the stakeholder engagement process described in the GCF ESS standards and other relevant policies of GCF;
- (b) Begin as early as possible in the project design and development process and will provide sufficient time for indigenous peoples' decision-making processes. Internal decision-making processes are generally but not always collective in nature. There may be internal dissent and decisions may be challenged by some in the community. The consultation process will, therefore, allow sufficient time for internal deliberations and decision-making processes to reach conclusions. The consultation process will be free of external manipulation, interference, coercion and intimidation;
- (c) Allow for indigenous peoples' effective and legitimate participation in the design of GCF-financed activities that could potentially affect them either positively or negatively;

- (d) Take into account the interests of community members that are particularly affected and marginalized, especially women, youth, indigenous persons with disabilities and the elderly, including being cognizant of traditional cultural approaches that may exclude segments of the community from the decision-making process. Additionally, spaces should be created to allow for their direct participation in consultation and in the decision-making process; and
- (e) Assess the capacity of the indigenous peoples to engage and consider and implement effective communication and capacity-building programs to enhance the effectiveness of the process with indigenous peoples. This should include the possibility and availability of resources to ensure adequate preparation and participation in the process.

53. The accredited entities and indigenous peoples will agree on appropriate engagement and consultation processes as early as possible, commensurate with the scale of impact and vulnerability of the communities. This will be done through framework documents or plans that identify representatives of indigenous peoples, the agreed consultation process and protocols, the reciprocal responsibilities of parties to the engagement process, and agreed avenues of recourse in the event of an impasse occurring. The entity will document support for the agreed process from the indigenous peoples.

## 7.2 Circumstances requiring free, prior and informed consent

54. The free, prior and informed consent of indigenous peoples will be required in the circumstances identified in this section. There is no universally accepted definition of free, prior and informed consent. For the purposes of this Policy, free, prior and informed consent will have the meaning described in this Policy. Free, prior and informed consent will be an iterative process, requiring indigenous peoples' consent before a proposal for GCF financing is considered by the Board, on the basis of their own independent deliberations and decision-making process, based on adequate information to be provided in a timely manner, in a culturally appropriate manner, in a local language that is understood by them, and through a process of transparent and inclusive consultations, including with women and youth, and free of coercion or intimidation. Free, prior and informed consent does not require unanimity and may be achieved even when individuals or groups within or among affected indigenous peoples explicitly disagree.

55. Accredited entities will:

- (a) Describe how the activities proposed for GCF financing will be consistent with applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, particularly with regard to a transparent and inclusive free, prior and informed consent during project and programme design, implementation, and expected outcomes related to the risks and impacts affecting the communities of indigenous peoples;
- (b) Describe the involvement of indigenous peoples, including women, girls, and youth, in the design and implementation of the GCF-financed activities, and provide detailed outcomes of the consultation process of the indigenous peoples; and
- (c) Provide documented evidence of the mutually accepted process within the GCF-financed activities between the implementing entities and the affected communities, and evidence of an agreement between the parties that was the outcome of the negotiations.

56. As part of the operational guidelines of this Policy, the Secretariat, in consultation with indigenous peoples, will develop and maintain guidance on the application of free, prior and

informed consent. This guidance will be developed in a timely manner, and the Secretariat will ensure that it is followed by all relevant parties.

57. Any reference to free, prior and informed consent of indigenous people in GCF (e.g. Board decisions, policies, GCF ESS standards) shall have the meaning described in this Policy.

### **7.2.1 Impacts on lands and natural resources subject to traditional ownership or under customary use or occupation**

58. Where the activities proposed to be financed by GCF may require the establishment of legally recognized rights to lands and territories, the accredited entities, working with the states and the affected indigenous peoples, will prepare a plan to ensure the legal recognition of such property rights in accordance with applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, customs, traditions and land tenure systems of the indigenous peoples.

59. Where the activities proposed to be financed by GCF are located on, or develop natural resources on, land subject to traditional ownership or tenure, including but not limited to collective ownership or under the customary use or occupation of indigenous peoples, and potential adverse impacts, including loss of access to assets or resources, or restrictions on land use, can be expected, the accredited entity will take the following steps and seek the free, prior and informed consent of the indigenous peoples and prepare an indigenous peoples engagement plan and/or IPP:

- (a) Document efforts to avoid and otherwise minimize the area of land subject to traditional ownership, use, or occupation proposed for the activities;
- (b) Document efforts to avoid and otherwise minimize impacts on natural resources subject to traditional ownership, use, or occupation;
- (c) Identify and review all property interests, tenure arrangements and traditional resource usage prior to purchasing, leasing, or, as a last resort, undertaking land acquisition;
- (d) Assess and document indigenous peoples' land and resource use without negatively affecting any indigenous peoples' land claims. The assessment of land and natural resource use will be gender inclusive and specifically consider women's roles in the management and use of these resources;
- (e) Ensure that affected indigenous peoples are informed of and understand: (i) their land rights under applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements; (ii) the scope and nature of the activities proposed for GCF-financing; and (iii) the potential impacts of the activities proposed for GCF-financing; and
- (f) Where the activities promote commercial development of their land or natural resources, afford due process and offer compensation together with culturally appropriate sustainable development opportunities to indigenous peoples at least equivalent to that to which any landowner with full legal title to the land would be entitled, including:
  - (i) Providing fair lease arrangements or, where land acquisition is necessary and unavoidable, providing land-based compensation that is comparable to the land acquired from the indigenous peoples or compensation in kind in lieu of cash compensation where feasible. The amount and quality of the compensation will be coordinated with, consulted on and consented to by the indigenous peoples;

- (ii) Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to or the loss of natural resources independent of project land acquisition;
- (iii) Enabling indigenous peoples to share equitably in the benefits to be derived from the commercial development of the land or natural resources where the entity intends to utilize land or natural resources; and
- (iv) Providing affected indigenous peoples with access, usage and transit on land the GCF-financed activities are developing.

### **7.2.2 Relocation of indigenous peoples from lands and natural resources subject to traditional ownership or under customary use or occupation**

60. GCF will not finance activities that would result in the involuntary resettlement of indigenous peoples except as permitted by paragraph 61. GCF will avoid funding activities that may involve physical displacement (i.e. relocation, including relocation needed as a result of loss of shelter), whether full or partial and permanent or temporary, or economic and occupational displacement (i.e. loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of the activities.

61. In exceptional circumstances where resettlement or displacement is unavoidable to achieve the project or programme objective, they will only be permitted if they meet the following criteria: (a) free, prior and informed consent has been obtained as described above; (b) they are authorized by national law; (c) they are carried out in a manner consistent with the obligations of the state directly applicable to the activities under relevant international treaties and agreements; (d) they are reasonable and proportional as determined by GCF and the accredited entity as part of their due diligence; (e) they follow standards of due process consistent with the GCF ESS standards and pursuant to other applicable policies of GCF and the accredited entity, including those related to involuntary resettlement policy requirements; and (f) they are regulated so as to ensure full and fair compensation and rehabilitation as well as right of return, if applicable.

62. The accredited entities will consider, disclose, and present for stakeholder consultation feasible project design alternatives and livelihood restoration measures that may be distinct from the components of the GCF-financed activities and that are designed to avoid the resettlement, relocation or displacement of indigenous peoples from communally held or attached land and natural resources subject to traditional ownership or customary use or occupation.

### **7.2.3 Cultural heritage**

63. Where the activities proposed for GCF financing may potentially impact cultural heritage, which includes but is not limited to natural areas with cultural and/or spiritual value, such as sacred groves, sacred bodies of water and waterways, sacred mountains, sacred trees, sacred rocks, burial grounds and sites, as well as the non-physical expressions of culture, such as traditions, language, identity, ceremonial, or spiritual aspects of the affected indigenous peoples' lives, priority will be given to the avoidance of such impacts. Where significant negative impacts are unavoidable, the accredited entities will obtain the free, prior and informed consent of affected indigenous peoples.

64. Where the activities proposed for GCF financing propose to use the cultural heritage of indigenous peoples for commercial purposes, the accredited entities will inform the affected indigenous peoples in an accessible local language(s), a culturally-appropriate manner, and

through a means that ensures understanding of the affected indigenous peoples of (a) their rights under applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements; (b) the scope and nature of the proposed commercial development and use; and (c) the potential consequences of such development and use; and that (d) seeks and obtains their free, prior and informed consent. The accredited entities will ensure that the indigenous peoples share equitably in the access to benefits derived from the commercial development of such cultural heritage, consistent with the customs and traditions of the indigenous peoples.

### 7.3 Grievance redress mechanism

65. Any issue raised in this Policy will be deemed as relevant and thereby considered appropriate for the various grievance redress mechanisms operating as part of GCF.

66. All GCF-financed activities affecting indigenous peoples will establish an effective grievance redress mechanism at the project level to address indigenous peoples' project-related concerns. The mechanism will be designed in consultation with the affected or potentially affected communities of indigenous peoples. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns. Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements. The mechanism will not prejudice the access to judicial or administrative remedies that may be available through the state systems, acknowledging that these localized systems may provide more robust information and better reflect the context of the issues on the ground. It will also not impede access to the GCF independent Redress Mechanism or the accredited or executing entities' grievance redress mechanism. The mechanism will take into account the "effectiveness criteria" for non-judicial grievance mechanisms outlined in Article 31 of the United Nations Guiding Principles on Business and Human Rights in order to maximize effectiveness.

67. The scope, scale and type of grievance redress mechanism required for the project- and programme-level will be proportionate to the nature and scale of the potential risks and impacts of the project or activity. The grievance redress mechanism will include the following:

- (a) Different ways in which indigenous peoples can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization;
- (b) Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation;
- (c) Provision for interpretation/translation to overcome language barriers/limitations;
- (d) A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants' identities can be kept anonymous if requested. This database should also be shared with the GCF independent Redress Mechanism;
- (e) Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgment, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures;

- (f) An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved;
- (g) Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities' grievance mechanisms; and
- (h) Measures in place to protect complainants from retaliation.

68. The project or activity will offer mediation (or similar dispute resolution or problem-solving services) as an option where users are not satisfied with the proposed resolution that may be provided through the dispute resolution or problem-solving mechanism of the accredited entity or the GCF independent Redress Mechanism.

69. This mechanism will consider customary laws, applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, dispute resolution mechanisms, and justice systems of indigenous peoples as appropriate and be able to use independent indigenous experts. The mechanism will not preclude the option to use the accountability mechanisms of GCF and those of the accredited entities and executing entities, ensuring that users are provided with the necessary financial and technical support to access such mechanisms.

70. The GCF independent Redress Mechanism and the Secretariat's indigenous peoples focal point will be available for assistance at any stage, including before a claim has been made.

71. In the event of complaints being filed with the independent Redress Mechanism, the accredited entities and executing entities, relevant national competent authorities, and any other relevant parties will cooperate with the independent Redress Mechanism, including providing all required information. In addition, the accredited entities and executing entities will promptly implement remedial measures stipulated by the Board on the recommendation of the independent Redress Mechanism pursuant to its guidelines and procedures.

## 7.4 Indigenous peoples and broader planning

72. The accredited entities may include technical or financial support as part of the GCF-financed activities for the preparation of plans, strategies or other activities intended to strengthen consideration and participation of indigenous peoples in the climate change actions that are consistent with the mandate of GCF. This may include a variety of initiatives designed, for example, to (a) strengthen local legislation to establish recognition of customary or traditional land tenure arrangements; (b) address the gender, socio-economic divisions and intergenerational issues that exist among indigenous peoples; (c) protect traditional knowledge through intellectual property rights; (d) strengthen the capacity of indigenous peoples to participate in development planning or programs; (e) strengthen the capacity of government agencies providing services to indigenous peoples; and (f) foster the meaningful inclusion and participation of indigenous women and other marginalized groups, such as persons with disabilities.

73. The national designated authorities and accredited entities may seek support through readiness and preparatory support proposals and funding proposals for various initiatives, including (a) support for the development priorities of indigenous peoples through programs, (such as community-driven development programs) developed by governments in cooperation with indigenous peoples; (b) preparation of participatory profiles of indigenous peoples to document their culture, demographic structure, gender and intergenerational relations and social organization, institutions, production systems, religious beliefs and resource-use patterns; and (c) facilitating partnerships among the government, indigenous peoples

organizations, civil society organizations, and the private sector to promote the climate resiliency of indigenous peoples communities.

## VIII. Implementation

### 8.1 Implementation arrangements

74. This Policy supports the existing policies and practices of GCF, particularly those related to the management of environmental and social risks and impacts, including the application of the GCF ESS standards. The implementation of this Policy will take into consideration the roles and responsibilities for GCF, the Secretariat, states, accredited entities and executing entities, and independent accountability units.

75. This Policy supplements the interim GCF ESS standard on indigenous peoples and its requirements, the GCF Gender Policy and Action Plan, and other GCF policies.

76. If there is any inconsistency between this Policy and other GCF policies with respect to indigenous peoples, this Policy will prevail on the basis that it represents the Policy governing a specific subject matter.

77. Accredited entities will ensure that GCF-financed activities approved by the Board prior to this Policy being adopted by the Board will use best endeavors to meet the requirements of this Policy.

78. The Board will oversee the implementation of this Policy and will review the implementation of this Policy every five years. The Board will regularly monitor its implementation through the review of periodic implementation reports from the Secretariat that take into account the information received from the accredited entities and the independent accountability units and independent observers as outlined in paragraph 106.

79. The Secretariat will undertake a periodic assessment of the implementation of this Policy to support the reviews mentioned in paragraph 105 of this Policy, which will require the collection of baseline data, and to (a) determine how GCF can improve its response to the needs of indigenous peoples; (b) identify the drivers of change to achieve adaptation or mitigation goals; (c) identify and design the specific and culturally appropriate elements to be included in GCF policies and GCF-financed activities; (d) estimate the resources necessary for the implementation of the Policy; (e) select specific output, outcome and impact indicators for indigenous peoples; and (f) design and establish implementation and monitoring arrangements that promote and develop effective participation of indigenous peoples within GCF-financed activities. Accredited entities and executing entities will assist in this assessment. Indigenous peoples and civil society organizations will be invited to participate and assist in this assessment.

80. A Senior Indigenous Peoples Specialist will be appointed to the Secretariat and will be the indigenous peoples focal point with operational responsibility to manage the implementation of this Policy.

81. An indigenous peoples advisory group will be established to enhance coordination between GCF, accredited entities and executing entities, states and indigenous peoples. The key functions of the group will be: (a) to provide advice to the indigenous peoples focal point, national designated authorities, and accredited entities and executing entities on GCF-financed activities affecting indigenous peoples; (b) to review the implementation and monitoring of this Policy, particularly on the appropriate modality to enhance dialogue among indigenous peoples,

GCF, states, accredited entities and executing entities, and other experts; and (c) provide guidance and advice to the Board as may be requested.

82. The indigenous peoples advisory group will be made up of four indigenous peoples representatives from the regions of developing states where the GCF may fund activities. The advisory group members will be selected through an indigenous peoples-led, self-selection process for each region and should be gender balanced. The indigenous peoples advisory group will inform the Secretariat of the members of the group and, working together with the Secretariat, develop the terms of reference of the activities and functions of the group.

## 8.2 Operational guidelines

83. The operational guidelines containing technical and administrative references and tools for implementing this Policy will be developed and maintained by the Secretariat in consultation with accredited entities and executing entities, states, the indigenous peoples advisory group and indigenous peoples.

## 8.3 Information disclosure

84. This Policy will be made publicly available in accordance with the GCF Information Disclosure Policy.

85. The accredited entities and executing entities will ensure that all disclosed information will be provided in a culturally and socially appropriate manner, including in relevant indigenous languages, to indigenous peoples and their legitimate advisors and will also ensure that indigenous peoples have sufficient time to review and consider the disclosed information. The accredited entities will disclose information in accordance with the requirements of the GCF Information Disclosure Policy and the relevant accreditation master agreement signed between GCF and the accredited entity.

## 8.4 Stakeholder engagement

86. This Policy will apply to any process and guidance developed by GCF to assist the accredited entities and executing entities in putting in place a process for meaningful consultation with communities and people that are affected by GCF-financed activities or potentially affected by activities proposed for GCF financing.

## 8.5 Accountability

87. Through the accreditation process, and taking into account the fit-for-purpose accreditation approach,<sup>3</sup> accredited entities will be required to ensure compliance with this Policy. They will also be required to have policies, procedures and competencies in place with which to implement this Policy. After accreditation, and at the activity level, the accredited entities, through their own rules, policies and procedures, will be responsible for implementing this Policy as it relates to the GCF-financed activities through in-country project identification and implementation as well as for results reporting.

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<sup>3</sup> As outlined in decision B.08/02

88. The Secretariat is accountable for the results of this Policy, and as part of its due diligence the Secretariat will ensure that GCF-financed activities are implementing and meeting the requirements of this Policy.

## 8.6 Country ownership and engagement

89. This Policy supplements the best practices for country coordination and multi-stakeholder engagement processes for developing national strategic frameworks and funding proposals<sup>4</sup> and will apply to these and any future engagement processes of GCF.

90. Specifically, this Policy informs national designated authorities and focal points that any consultative process through which national climate change priorities and strategies are defined must also consider applicable national and international policies and laws for indigenous peoples. Furthermore, the criteria and options for country coordination through consultative processes should include indigenous peoples in an appropriate manner.

91. The requirements of this Policy form part of the relevant GCF ESS standards that accredited entities and states need to take into account when developing proposals, as well as ongoing monitoring and evaluation after approval.

## 8.7 Reducing emissions from deforestation and forest degradation (REDD-plus) actions

92. This Policy will apply to GCF-financed activities supporting the REDD-plus actions, including the readiness phase, results-based payments, and any access and financing modalities, guidance, terms of reference, and assessment tools developed by GCF with respect to REDD-plus actions. Consequently, any REDD-plus activities proposed for GCF financing, including results-based payments, will ensure that the requirements of this Policy, in conjunction with other relevant policies and standards of GCF, such as the Paris Agreement and UNFCCC REDD-plus decisions, including the Warsaw Framework for REDD-plus, are addressed, emphasizing that, for the purposes of GCF activities, references to stakeholders include indigenous peoples as defined in this Policy.

## 8.8 Competencies and capacity development

93. GCF will develop the capacity of its stakeholders, including the Secretariat, to understand and properly address indigenous peoples' issues and rights.

94. GCF will also ensure indigenous peoples, or those with expertise in indigenous issues, are included in the independent panels and advisory groups of GCF. The Secretariat will create a roster of indigenous peoples experts to be reviewed and updated in consultation with indigenous peoples and scholarly and policy referees.

95. Indigenous peoples training will be provided for the Secretariat to develop awareness of indigenous peoples issues.

96. GCF will support specific capacity-building programs for indigenous peoples as part of readiness and preparatory support proposals or funding proposals to ensure their full and effective engagement with GCF at all levels. This support will include, at a minimum, activities related to consultation, advocacy, institutional building for project implementation and

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<sup>4</sup> As outlined in decision B.17/22, annex XX

management, as well as the effective engagement of indigenous peoples in the formulation of project proposals and monitoring and evaluation.

97. The states and accredited entities, particularly the direct access entities, may request readiness and preparatory support from GCF to enhance their capacity to implement this Policy.

## 8.9 Resource allocation

98. GCF will give consideration to activities proposed for GCF financing that are tailored to meet the needs and priorities of indigenous peoples and to support their initiatives and efforts for climate change mitigation and adaptation actions.

99. GCF may target funds to support indigenous peoples climate change adaptation and mitigation initiatives if it is necessary to correct for climate change exacerbated indigenous peoples inequality or they are not benefiting from GCF support adequately.

100. As the rationale for this Policy is to promote indigenous peoples engagement, the Board may consider giving additional weight to activities proposed for GCF financing with well-designed components to promote indigenous peoples engagements and benefits.

## 8.10 Knowledge generation and communication

101. GCF commits to generating and sharing knowledge built on the experiences gained from indigenous peoples and climate change and from implementing this Policy. GCF will also commit to capitalize on the knowledge and expertise gained by other organizations. Such knowledge is to be used to strengthen the competencies and capacities of all stakeholders. This will be coherent and complementary to the implementation of paragraph 135 of decision 1/CP.21 of the UNFCCC, specific to strengthening indigenous peoples' and local communities' knowledge systems integral to climate change adaptation and mitigation measures and the implementation of the indigenous peoples and local communities knowledge platform.

102. The Secretariat will document the experience and knowledge that will be acquired from the implementation of this Policy and will seek to identify good practices from states and accredited entities.

103. Communicating the commitment of GCF to indigenous peoples engagement, this Policy, and its operational guidelines, will inform a strategic communications activity and form an integral part of the communications plan of GCF and the responsibility of the Secretariat. Accredited entities will also be required to assist with this activity. It will be important to communicate to the public not only how GCF is implementing this Policy but also to seek periodic feedback from stakeholders and partners on the implementation of this Policy and on possible improvements.

## IX. Effective date and review

104. The Policy will become effective upon its approval by the Board.

105. GCF will review and evaluate the overall performance of this Policy based on the objectives of this Policy. Appropriate amendments to this Policy will be considered, based on the results of such review and evaluation, and changes to the Policy will follow the decision-making processes of GCF. The Independent Evaluation Unit will conduct an evaluation of the implementation of the Policy, and that will be included in the review. The consultations will

include inputs from indigenous peoples, affected communities and other civil society organizations.

106. A review of the Policy will be undertaken five years after the effective date to assess the effectiveness of GCF in achieving the objectives of this Policy. This review will be supplemented by the assessment developed pursuant to paragraphs 78 and 79, and any other annual and mid-term implementation reviews and reports of GCF.

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